

Van H. Wanggaard

Wisconsin State Senator

Testimony of Senator Van Wanggaard on Senate Bill 352

Thank you Members for the opportunity to testify on this wonderful proposal, Senate Bill 352, otherwise known as Wisconsin Wins.

I've testified before on the problems that unemployed job seekers have when looking for work. The longer you're out of work, the less likely you are to be hired. For some, staying on Unemployment Insurance is better financially than finding work. Industries have dried-up or moved, requiring workers to learn new skills. Connecting people looking for work with those looking to hire is also a problem.

Job creators have similar problems. Too often, they cannot find qualified workers. Even if they find someone qualified they may need to re-train the worker.

This bill addresses both those issues, and also helps alleviate the Unemployment Insurance deficit by getting people off of unemployment and into the workforce sooner.

Senate Bill 352 creates a pilot program in which three areas served by local workforce development boards will participate. In these three areas, employers will apply to DWD to offer six-week employer-specific training to unemployed workers. The unemployed individual who participates in the program will receive an additional \$75 stipend for each week they participate.

The program alleviates some of the uncertainty in the hiring process. For the employer, this reduces the risk and cost of hiring new employees. Job seekers receive a new skill set, and get to show other employers a willingness to learn and a desire to work. The hope is that at the end of the 6 weeks both the employer and the worker have found a good fit, and we have a productive new member of the workforce.

I admit there is a potential for abuse for both the employer and employee in this program. We do not want employers getting essentially "free labor", and we don't want workers just paying lip service to getting a new job to receive an extra \$75 a week. We think that we've addressed those concerns. An employer must affirm that it has a job opening for each participant in the program. Further, if a job creator is a bad actor, constantly bringing in unemployed workers to "train," but never hiring anyone, DWD won't approve them to participate. Similarly, workers are only able to participate in the first 26 weeks of unemployment, and may only receive 2 placements a year.

I'm sure you are wondering about the cost of this proposal. The cost to the state is roughly \$750,000 per year. It is my belief though, that this cost will be more than made up for by increased income and business tax receipts.

This bill is about putting unemployed workers into potential jobs and getting employers a new pool of potential employees. I view this as a win-win. I urge your support for SB 352.



TESTIMONY ON SENATE BILL 352

SENATE COMMITTEE ON LABOR, PUBLIC SAFETY, & URBAN AFFAIRS JANUARY 10, 2012

Committee members, thank you for giving me the opportunity to testify today in favor of Senate Bill 352.

The bill before you today is important legislation to help unemployed workers in Wisconsin get back to work. Wisconsin has not been immune to the sluggish national economy. With unemployment levels in Wisconsin unacceptably high and the state's unemployment insurance (UI) reserve fund running a deficit, we need to be innovative in not only how we attract job creators, but how we match job seekers with the needs of employers for a skilled workforce.

SB 352 does just that by inserting job seekers directly into the workplace to get the skills they need to acquire full time jobs. This training program is called *Wisconsin Wins* because it's a win-win for both employers and job seekers.

The program works by giving both job seekers and employers a tryout period. Unemployment claimants would be given the opportunity to take unpaid part-time training jobs with interested employers, with the possibility that it will lead to permanent employment. The claimants would continue to receive regular unemployment benefits with an additional stipend of \$75 per week while participating in the voluntary program. A claimant would be eligible to participate during the first 26 weeks (state funded portion of unemployment benefits) of his benefit year and may not receive more than two placements during that time. The bill requires each participant to maintain eligibility for UI benefits.

The training consists of six-week placements for 20 to 24 hours per week with prospective employers. The bill directs DWD to accept applications from employers who wish to offer the training and to place claimants who wish to participate in available openings. An employer must affirm that it currently has one job opening for each training participant in a position that a successful participant would potentially qualify to fill, however, the employer is not obligated to hire the trainee after the training period ends.

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The program alleviates some of the uncertainty involved in the hiring process and offers advantages to both employers and the unemployed. Employers can increase the probability of a good hire through a trial period, while reducing the usual risks and costs of hiring new employees. Job seekers benefit by getting an opportunity to receive training and demonstrate their skills for a potential employer, while still receiving unemployment benefits. And at the end of the training period they may be offered full-time employment.

This training offers a new tool to displaced workers who need to change careers or acquire new specific skills, and shows employers which job applicants are eager to learn new skills. Those skills are an asset that can be used elsewhere even if they aren't ultimately hired by the employer who trains them.

Wisconsin Wins will begin as a pilot program by directing DWD to designate three areas served by local workforce development boards in which the program shall be offered. Creating the program in this way will allow us to evaluate its effectiveness and make any necessary improvements before recommending that the program be expanded statewide.

Our proposal is modeled after successful, similar training programs in Georgia and New Hampshire. The programs have received bipartisan support in those states as well as positive feedback from both job seekers and employers.

The Wisconsin Unemployment Insurance Advisory Council, made up of employer and employee representatives, supports the concept and stated that such a program would be useful in moving our unemployed workers back into the workforce while providing them new skills. *Wisconsin Wins* may also generate savings for the state's unemployment trust fund by moving claimants back to work more quickly.

Senate Bill 352 and its Assembly companion bill (AB 450) have received bipartisan co-sponsors in both houses. I believe this is because we all recognize the importance of finding practical ways to help open the door to jobs that people so desperately need.

After listening to the testimony before you today, I urge you to join me in supporting Senate Bill 352. Thank You.

Department of Workforce Development Secretary's Office

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Scott Walker, Governor Reginald J. Newson, Secretary

Hearing on SB 352 relating to participation in certain training by unemployment insurance claimants, granting rule-making authority, and making an appropriation.

Tuesday, January 10, 2012, 11:35AM State Capitol – Room 330 Southwest

Testimony provided by Connie Schulze, Legislative Liaison

Senate Bill 352, otherwise known as Wisconsin Wins, would provide a training mechanism for recipients of unemployment compensation, allowing them to participate in a voluntary six-week placement with an employer. The employee would work up to twenty-four hours per week at the employer and receive an additional \$75 stipend to defray additional costs of employment. The employee would be considered an employee of the State of Wisconsin for worker's compensation purposes and would not be considered an employee of the company that they have been placed at.

The Department of Workforce Development would be responsible for soliciting applications from employers that are interested in participating in this program and would match interested businesses with unemployment insurance recipients who have expressed an interest in participating in this program. The program will initially operate for three years in three workforce development areas designated by the Department of Workforce Development. This program will be available within the entire workforce development area.

This program has been presented to the Unemployment Insurance Advisory Council by Representatives Mark Honadel and Mike Kuglitsch at the September 22, 2011 meeting. At that meeting, the Council voted to unanimously endorse the "concept that Wisconsin Works represents." Additionally, there has been significant interest in this program both by other states, including Georgia, Missouri and New Hampshire.

As it is currently written, this bill does not include an appropriation for the costs of administering the program nor the stipends to be paid to those participating in the program. The Department of Workforce Development is committed to working with the Legislature to find a means to provide funding for this important program without sacrificing other department programs and services.

This legislation represents an innovative model that will provide real-world job experience to those participating in this program. We believe that this program represents a commitment to further the mission of unemployment insurance in providing a means for those who are unemployed to gain the skills necessary to return to work.

The department has some minor suggestions: 1. including language that the stipend received is not considered a wage for the purposes of unemployment taxes to protect employers from liability for unemployment tax contributions and 2. to modify the availability for work requirement to allow the SEC-7792-E (R. 10/25/2011) http://dwd.wisconsin.gov/

department to designate availability for work for claimants participating in training. Finally, language could be included in Chapter 102 clarifying that participants in this program are considered employees of the state for Worker's Compensation purposes.

Thank you for you attention. I am happy to field questions at this time.



Testimony submitted on Tuesday, January 10, 2012 before the

Senate Labor, Public Safety and Urban Affairs Committee

in support of 2011 Senate Bill 352

Good morning.

Chairman Wanggaard and members of the Senate Labor, Public Safety and Urban Affairs Committee, my name is Brian Dake, Legislative Director for Wisconsin Independent Businesses. On behalf of WIB and its small, independent business members, I am here to testify in support of 2011 Senate Bill 352.

In a recent survey of our members on the subject of Unemployment Insurance, we heard from a surprising number of small, independent business owners who are having difficulty finding skilled workers for open positions. They are offering good-paying jobs, but are finding few takers. Amongst the applicants, they also have concerns about the skills and training of the prospective employees.

The aptly named "Wisconsin Wins" pilot program addresses this problem in a thoughtful and innovative manner. Unemployed workers are given the opportunity to rejoin the workforce on a part-time basis and receive training from willing employers in need of skilled workers. During this trial period, the employer can assess the worker's skills and abilities as well as hire that worker on a full-time permanent basis.

Beyond the benefits afforded to job seekers and employers under this pilot program, "Wisconsin Wins" should also help to reduce the state's ongoing Unemployment Insurance Fund deficit.

In the same survey I referenced earlier, many of our members are quite concerned about the extra state UI taxes they are now paying to close this UI deficit. The sooner we can find good-paying jobs for unemployed workers, the sooner we can reduce this extra tax burden on Wisconsin small employers.

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